

Office of the State Auditor
Division of State Audit

Dickinson State University
Dickinson, North Dakota

Audit Report for the
Biennium Ended June 30, 2007
Client Code 23900

Robert R. Peterson
State Auditor



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Transmittal Letter

January 10, 2008

The Honorable John Hoeven, Governor
Members of the North Dakota Legislative Assembly
Dr. Lee Vickers, President, Dickinson State University

We are pleased to submit this audit of Dickinson State University for the biennium ended June 30, 2007. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two years. The same statute gives the State Auditor the responsibility to determine the contents of these audits.

In determining the contents of the audits of state agencies, the primary consideration was to determine how we could best serve the citizens of the state of North Dakota. Naturally we determined financial accountability should play an important part of these audits. Additionally, operational accountability is addressed whenever possible to increase efficiency and effectiveness of state government.

The in-charge auditor for this audit was Robyn Hoffmann, CPA. John Grettum, CPA was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 239-7289. We wish to express our appreciation to President Vickers and his staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

Robert R. Peterson
State Auditor

Executive Summary

INTRODUCTION

Dickinson Normal School was created in 1916 by a constitution amendment approved by North Dakota voters. Classes began in 1918 with a two-year program designed to train elementary and secondary teachers. In 1931, four-year degrees were offered for the first time under the school's new name, Dickinson State Teachers College. In recognition of the institution's broadened curriculum, Dickinson State Teachers College became Dickinson State College in 1963. University status was granted in 1987 as the progression of education in the West River region was recognized by the State Board of Higher Education.

Dickinson State University is a comprehensive state institution, one of the eleven colleges and universities that make up the North Dakota University System. The University employs approximately 200 faculty and staff with an enrollment of approximately 2,500 students. Dickinson State University has shown a strong growth pattern in enrollment over the course of the last decade. Present programs include the basic arts and sciences as well as specialized programs in agriculture, business, computer science, and nursing. The University also offers pre-professional programs in medicine, law, engineering, social work, optometry, veterinary medicine, and chiropractic.

More information may be obtained from Dickinson State University's home page at: <http://www.dickinsonstate.com/>.

RESPONSES TO LAFRC AUDIT QUESTIONS

The Legislative Audit and Fiscal Review Committee (LAFRC) requests that certain items be addressed by auditors performing audits of state agencies.

1. What type of opinion was issued on the financial statements?

Unqualified.

2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and is functioning?

Yes.

3. Was internal control adequate and functioning effectively?

Yes, other than our finding addressing segregation of duties (see page 14).

4. *Were there any indications of lack of efficiency in financial operations and management of the agency?*

No.

5. *Has action been taken on findings and recommendations included in prior audit reports?*

Yes.

6. *Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses.*

Yes, a management letter was issued and is included on page 17 of this report, along with management's response.

LAFRC AUDIT COMMUNICATIONS

1. *Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.*

There were no contingent liabilities or significant unusual transactions, however, there were changes in accounting policies and management conflicts of interest. In fiscal year 2007, Dickinson State University changed the method they used to calculate their Allowance for Doubtful Accounts. The President of Dickinson State University and the Vice President for Development are ex-officio members of the board of directors of Dickinson State University Foundation.

2. *Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates.*

The most significant accounting estimates used by Dickinson State University include: useful lives of capital assets and allowance for uncollectible receivables. Estimated useful lives are used to compute depreciation on capital assets. We made a recommendation in fiscal years 2007 and 2006 NDUS Audit Report that the useful lives for capital assets needs to be adjusted because there are assets on the financial statements that are fully depreciated, but still being used. Management's estimate of the allowance for uncollectible receivables is based on aging categories and past history. We evaluated the key factors and assumptions used to develop the allowances

in determining that it is reasonable in relation to the financial statements taken as a whole.

3. Identify any significant audit adjustments.

In our fiscal year 2006 North Dakota University System audit reports, all of the material adjustments we proposed for Dickinson State University were recorded. In our fiscal year 2007 North Dakota University System audit, no material adjustments were proposed for Dickinson State University. A complete listing of Posted Audit Adjustments were included the in the 2007 and 2006 North Dakota University System audit reports.

4. Identify any disagreements with management, whether or not resolved to the auditor's satisfaction relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements.

None.

5. Identify any serious difficulties encountered in performing the audit.

None.

6. Identify any major issues discussed with management prior to retention.

This is not applicable for audits conducted by the Office of the State Auditor.

7. Identify any management consultations with other accountants about auditing and accounting matters.

None.

8. Identify any high-risk information technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission, or whether any exceptions identified in the six audit report questions to be addressed by the auditors are directly related to the operations of an information technology system.

ConnectND Finance, Human Resource Management System (HRMS), Student Administration, and imaging systems used on campus are high-risk information technology systems critical to Dickinson State University. We noted no exceptions directly related to or caused by the operations of an information technology system.

Background Information

It is the mission of Dickinson State University to prepare professional leadership for elementary and secondary education and to serve the educational needs of the region across a spectrum of curriculum offerings which will enable students to acquire a basic understanding of American social, political, and economic institutions, to prepare them for the responsibility of citizenship in a democracy, and to prepare them to pursue an occupation or profession of their choice and make their contribution to society.

The University outgrew its original teachers' college status long ago and has since adopted a broader mission. The present programs include not only teacher education and the liberal arts, but also specialized programs in business, nursing, agriculture, and computer science. There is opportunity for pre-professional study and vocational training in selected areas as well.

Recognizing the individuality of each student, the faculty strives to train students for future occupations, as well as stimulate students' curiosity and challenge their ability in many areas. Students build their programs around a core of general education courses, which include fine arts, humanities, natural sciences, mathematics, and social and behavioral sciences. Dickinson State University students are encouraged to complete their general education requirements by the end of the sophomore year. Students are then free as juniors and seniors to explore a major field of study. Dickinson State University believes that its curriculum offers students a healthy combination of intellectual challenge, professional training, and practical experience.

More information can be obtained from Dickinson State University's home page at: <http://www.dickinsonstate.com/>.

Audit Objectives, Scope, And Methodology

Audit Objectives

The objectives of this audit of Dickinson State University for the biennium ended June 30, 2007 were to provide reliable, audited financial statements and to answer the following questions:

1. What are the most important areas of Dickinson State University's operations and is internal control adequate in these areas?
2. What are the significant and high-risk areas of legislative intent applicable to Dickinson State University and are they in compliance with these laws?
3. Are there areas of Dickinson State University's operations where we can help to improve efficiency or effectiveness?

Audit Scope

This audit of Dickinson State University for the biennium ended June 30, 2007 was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. To meet the objectives outlined above, we:

Audit Methodology

- Prepared condensed financial statements from the data used in the North Dakota University System's financial statement audits and developed a discussion and analysis of the financial statements.
- Performed detailed analytical procedures related to statement of net asset, revenue and expenses, and the statement of cash flows.
- Tested samples of expenditures, journal entries and revenues.
- Reviewed prior year audit work papers.
- Interviewed appropriate agency personnel.
- Reviewed Dickinson State University written plans and applicable manuals.
- Observed Dickinson State University's processes and procedures.
- Reviewed applicable sections in the North Dakota Century Code (NDCC), North Dakota Constitution, and appropriate session laws.
- Reviewed applicable meeting minutes.

Discussion And Analysis

The accompanying financial statements do not have the disclosures required by generally accepted accounting principles (GAAP) and have been prepared in a condensed form to present Dickinson State University's financial position and the results of operations in a manner similar to that used for financial reporting in the private sector. Accordingly, the accompanying financial statements are not intended to be presented in accordance with generally accepted accounting principles.

For the biennium ended June 30, 2007, operations of Dickinson State University were primarily supported by tuition and fee revenue (28%), appropriations from the state's general fund (27%), federal grants and contracts (13%), and sales and service revenue of auxiliaries (11%). This is supplemented by capital grants and gifts, sales and services of educational departments, state and local grants and contracts, and other revenue credited to the institution's operating fund.

FINANCIAL SUMMARY

Operating revenues consisted primarily of student tuition and fees, as well as grants and contracts, and sales and services of auxiliary enterprises and educational departments. Nonoperating revenues during the audit period included state appropriations, gifts, investment income, and insurance proceeds. These revenues remained fairly consistent between fiscal years 2007 and 2006, except for tuition and fees, state and local grants and contracts, and capital grants and gifts which increased by 19%, \$1,148,673, and 77%, respectively. Total revenues were \$29,973,743 for the year ended June 30, 2007 as compared to \$25,279,851 for the year ended June 30, 2006.

The tuition and fee revenue increase was mainly due to a 9.5% annual flat rate increase in tuition and fees and a 1.3% increase in headcount. The state and local grants and contracts increase is due to revenue received for the Institute for Technology and Business Center for Entrepreneurship and Rural Revitalization Center of Excellence grant. The capital grants and gifts increase was due to revenue received from the Building Authority for the Murphy Hall renovation project.

Total expenses for Dickinson State University were \$26,348,263 for the year ended June 30, 2007 as compared to \$24,219,064 for the prior year. The 9% increase in total expenses for the audit period reflects primarily salaries and wages (which also accounts for 53% of the total expenses in both years). All other expenses remained fairly constant.

The increase in expenses for salaries and wages was due to annual salary increases for employees of Dickinson State University.

ANALYSIS OF SIGNIFICANT VARIANCES BETWEEN FINAL BUDGETED AND ACTUAL EXPENSES

Dickinson State University had no significant variances for the general fund expenses as reflected on the statement of appropriations.

Financial Statements

STATEMENT OF NET ASSETS

	June 30, 2007	June 30, 2006
ASSETS		
Cash & cash equivalents	\$ 2,733,006	\$ 1,363,739
Investments	5,655,000	5,655,000
Accounts receivable, net	477,266	468,770
Receivable from component units	56,462	6,950
Due from state general fund	30,163	27,322
Grants and contracts receivables, net	505,246	754,910
Inventories	586,855	602,208
Notes receivable, net	1,144,700	1,174,587
Other assets	251,547	371,610
Capital assets, net	21,646,650	19,883,222
Total assets	\$ 33,086,895	\$ 30,308,318
LIABILITIES		
Accounts payable	\$ 558,726	\$ 1,073,540
Payable to component unit	2,929	
Accrued payroll	626,156	583,078
Deposits	193,572	119,311
Due to others	2,981,601	3,433,958
Total liabilities	\$ 4,362,984	\$ 5,209,887
NET ASSETS		
Invested in capital assets, net of related debt	\$ 19,197,398	\$ 16,968,657
Restricted for:		
Expendable:		
Scholarships and fellowships	5,519	(229)
Instructional department uses	1,464,857	21,602
Loans	1,234,100	1,229,585
Debt service	92,454	94,276
Unrestricted	6,729,583	6,784,540
Total net assets	\$ 28,723,911	\$ 25,098,431

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	June 30, 2007	June 30, 2006
OPERATING REVENUES		
Student tuition and fees	\$ 8,298,664	\$ 6,953,622
Federal grants and contracts	3,482,075	3,617,101
State and local grants and contracts	1,218,117	69,444
Nongovernmental grants and contracts	296,563	90,958
Sales and services of educational departments	1,068,313	1,084,736
Auxiliary enterprises	3,161,394	3,052,831
Other	73,952	38,746
Total operating revenues	<u>\$ 17,599,078</u>	<u>\$ 14,907,438</u>
OPERATING EXPENSES		
Salaries and wages	\$ 13,908,808	\$ 12,795,794
Operating expenses	8,323,954	7,825,429
Data processing	647,142	533,492
Depreciation	994,712	861,777
Scholarships and fellowships	1,535,127	1,450,826
Cost of sales and services	826,262	622,937
Total operating expenses	<u>\$ 26,236,005</u>	<u>\$ 24,090,255</u>
Operating loss	<u>\$ (8,636,927)</u>	<u>\$ (9,182,817)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	\$ 7,505,507	\$ 7,208,697
Gifts	904,909	961,478
Investments income	350,982	222,354
Interest on capital asset-related debt	(112,258)	(128,495)
Gain (loss) on capital assets	7,392	(314)
Insurance proceeds	266,172	198,233
Other nonoperating expenses	156,248	20,653
Net nonoperating revenues	<u>\$ 9,078,952</u>	<u>\$ 8,482,606</u>
Income (loss) before capital grants, gifts, and transfers	<u>\$ 442,025</u>	<u>\$ (700,211)</u>
State appropriations-capital assets	\$ 393,207	\$ 184,303
Capital grants and gifts	2,790,248	1,576,695
Total other revenue	<u>\$ 3,183,455</u>	<u>\$ 1,760,998</u>
Increase in net assets	<u>\$ 3,625,480</u>	<u>\$ 1,060,787</u>
NET ASSETS		
Net assets-beginning of the year	\$ 25,098,431	\$ 24,037,644
Net assets-end of the year	<u>\$ 28,723,911</u>	<u>\$ 25,098,431</u>

STATEMENT OF CASH FLOWS

	June 30, 2007	June 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 8,324,609	\$ 6,843,321
Grants and contracts	5,233,582	3,707,896
Payments to suppliers	(9,959,873)	(9,099,066)
Payments to employees	(13,847,985)	(12,662,455)
Payments for scholarships and fellowships	(1,535,127)	(1,450,826)
Loans issued to students	(262,948)	(312,319)
Collection of loans to students	252,402	267,742
Auxiliary enterprise charges	3,128,442	3,004,795
Sales and service of educational departments	992,942	1,137,314
Cash received/(paid) on deposits	(9,605)	59,902
Other receipts (payments)	191,889	(148,004)
Net cash used by operating activities	\$ (7,491,672)	\$ (8,651,700)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	\$ 7,505,507	\$ 7,208,697
Grants and gifts received for other than capital purposes	904,909	961,478
Agency fund cash increase	83,608	88,662
Other nonoperating expenses	156,248	20,653
Net cash flows provided by noncapital financing activities	\$ 8,650,272	\$ 8,279,490
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of debt		\$ 775,000
Capital appropriations	\$ 390,366	165,914
Capital grants and gifts received	2,787,318	1,568,115
Proceeds from sale of capital assets	7,500	
Purchases of capital assets	(2,949,345)	(1,639,801)
Insurance proceeds	266,172	198,233
Principal paid on capital debt and lease	(515,736)	(315,162)
Deposits with capital debt payment trustees		(770,000)
Interest paid on capital debt and lease	(115,643)	(127,867)
Net cash used by capital and related financing activities	\$ (129,368)	\$ (145,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments		\$ 34,325
Interest on investments	\$ 340,035	221,536
Purchase of investments		(1,000,000)
Net cash provided (used) by investing activities	\$ 340,035	\$ (744,139)
Net increase (decrease) in cash	\$ 1,369,267	\$ (1,261,917)
CASH - BEGINNING OF YEAR	1,363,739	2,625,656
CASH - END OF YEAR	\$ 2,733,006	\$ 1,363,739

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**RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	June 30, 2007	June 30, 2006
Operating loss	\$ (8,636,927)	\$ (9,182,817)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation expense	994,712	861,777
Change in assets and liabilities		
Accounts receivable adjusted for interest receivable	(46,991)	(167,884)
Grant and contract receivables	236,827	(69,607)
Inventories	15,353	(173,115)
Notes receivable	29,887	36,853
Other assets	120,063	(212,299)
Accounts payable and accrued liabilities adjusted for interest payable	(255,814)	62,151
Accrued payroll	47,854	42,357
Compensated absences	12,969	90,982
Deposits	(9,605)	59,902
Net cash used by operating activities	\$ (7,491,672)	\$ (8,651,700)

SUPPLEMENTAL DISCLOSURE ON NONCASH TRANSACTIONS

Assets acquired through capital leases	\$ 50,410	\$ 25,720
Gifts of capital assets	2,930	8,580
Total non-cash transactions	\$ 53,340	\$ 34,300

STATEMENT OF APPROPRIATIONS

For The Biennium Ended June 30, 2007

Expenses by line item	Original Appropriation	Adjustments	Final Appropriation	Expenses	Unexpended Appropriation
Operating expenses	\$ 14,711,627	\$ 2,577	\$ 14,714,204	\$ 14,714,204	
Capital assets	397,848		397,848	228,680	\$ 169,168
Whitney Stadium	4,985,842	(14,158)	4,971,684	28,222	4,943,462
Capital assets - carryover		357,763	357,763	357,763	
Capital improvements - Off system					
Murphy Hall Phase I		759,761	759,761	759,761	
Murphy Hall Phase II	4,100,557		4,100,557	3,760,569	339,988
Totals	\$ 24,195,874	\$ 1,105,943	\$ 25,301,817	\$ 19,849,199	\$ 5,452,618
Expenses by source					
General fund	\$ 15,095,317	\$ 360,340	\$ 15,455,657	\$ 15,300,647	\$ 155,010
Special fund	9,100,557	745,603	9,846,160	4,548,552	5,297,608
Totals	\$ 24,195,874	\$ 1,105,943	\$ 25,301,817	\$ 19,849,199	\$ 5,452,618

Appropriation Adjustments:

Operating Expenses:

The \$2,577 adjustment is a transfer from the North Dakota University System contingency fund for disabled student services.

Capital Assets:

The \$14,158 is a reduction for Whitney Stadium expenses from the prior biennium that were not reported on this statement.

Capital Assets - Carryover:

The increase of \$357,763 was the amount of the prior biennium's unspent capital assets line item. This amount was spent during the biennium pursuant to 03 House Bill 1003, section 9.

Capital Improvements – Off SAMIS

The \$759,761 increase was the prior biennium unspent balance for this project.

Internal Control

Internal Controls Subjected To Testing

In our audit for the biennium ended June 30, 2007, we identified the following areas of Dickinson State University's internal control as being the most important:

- Controls surrounding the processing of revenues.
- Controls surrounding the processing of expenses.
- Controls effecting the safeguarding of assets.
- Controls relating to compliance with laws and legislative intent.
- Controls surrounding the ConnectND (PeopleSoft) system.

We gained an understanding of internal control surrounding these areas and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered significant. We concluded that internal control was not entirely adequate noting a certain matter involving internal control and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Dickinson State University's operations or ability to record, process, summarize, and report financial data consistent with the assertions of management in financial statements. The reportable condition is described below. We also noted other matters involving internal control that we have reported to management of Dickinson State University in the management letter on page 18 in this report.

Finding 07-1

SEGREGATION OF DUTIES

Dickinson State University's controller has access to cash, reconciles receipts to deposits, prepares bank reconciliations, and can approve write-offs and receivable adjustments. In addition, the Student Finance Coordinator is responsible for billing, has access to cash, access to accounts receivable records, and can update accounts receivable records.

Good internal control requires adequate segregation of duties between cash and accounts receivable functions including billing functions, preparing bank reconciliations, reconciling receipts to deposits, and approving write-offs and adjustments.

Recommendation:

We recommend that Dickinson State University review the status of internal control surrounding cash, revenue and receivables, and provide the proper segregation of duties to ensure adequate safeguards of its assets.

Dickinson State University's Response:

Agree, however existing physical space restrictions providing access to cash to all Business Office personnel, as well as the current limited number of personnel make complying with the recommendation impossible without severely impacting the services DSU provides to students, faculty, and staff, or without the expenditure of additional resources in the form of salaries and wages. DSU has an excellent record of providing adequate internal controls, and at the same time providing excellent service to the campus with limited personnel resources. DSU would have to add additional personnel resources and find additional physical space in order to restrict access to cash to adequately comply with the recommendation.

Compliance With Legislative Intent

In our audit for the biennium ended June 30, 2007, we identified and tested Dickinson State University's compliance with legislative intent for the following areas that we determined to be significant and of higher risk of noncompliance:

Legislative Intent Subjected To Testing

- Indebtedness issued during the period was used for the purpose of financing Murphy Hall in the amount of \$4,100,557 (05 Senate Bill 2023, chapter 51, section 1).
- Proper use/approval of clearing account and petty cash/till funds (NDCC 54-06-08.1/Attorney General's opinion dated September 11, 1987).
- BND used as credit card processing depository (NDCC 54-06-08.2).
- Deposit and expenses of gifts to a state institution (Article IX, section 1 of the North Dakota Constitution, Attorney General's opinion dated September 13, 1963, NDCC 1-08-02, 08-04, 15-10-12, 15-67-01, 67-04, 67-05, 67-07).
- Fixed asset requirements including record keeping, lease and financing arrangements in budget requests, and lease analysis requirements (NDCC 44-04-07, 54-44.1-06, 54-27-21, 54-27-21.1).
- Expenses including proper voucher approvals (NDCC 44-08-05.1, Article X, Section 12, subpart 2 of North Dakota Constitution) and being within budgeted amounts (NDCC 54-44.1-09, Attorney General Opinion dated January 6, 1977).
- Travel-related expenses are made in accordance with state statute (NDCC 44-08-04, 44-08-04.1, 04.2, 04.3, 04.4, 04.5, 54-06-09).
- Purchasing including bidding (NDCC 44-08-01, 48-01.1-03, 54-44.4-01, 05, 06, 54-44.7-02).
- Conflict of Interest (NDCC 12.1-13-03, 48-02-12).
- Carryover of unexpended appropriations (NDCC 54-44.1-11).
- Adequate blanket bond coverage (NDCC 26.1-21-08).
- Unclaimed property laws (NDCC 47-30.1-02.1, 47-30.1-03.1, 47-30.1-05).
- Nepotism (NDCC 44-04-09).
- Bond Revenues and Reserves (NDCC 15-55-03, 15-55-06).
- Misapplication of entrusted property (NDCC 12.1-23-07).

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. Thus, we concluded there was compliance with the legislative intent identified above.

Management Letter (Informal Recommendations)

January 10, 2008

Mr. Alvin Binstock
Vice President for Business Affairs
Dickinson State University
291 Campus Drive
Dickinson, North Dakota 58601-4896

Dear Mr. Binstock,

We have performed an audit of Dickinson State University for the biennium ended June 30, 2007, and have issued a report thereon. As part of our audit, we gained an understanding of Dickinson State University's internal control structure to the extent we considered necessary to achieve our audit objectives. We also performed tests of compliance as described in the same report.

Our audit procedures are designed primarily to enable us to report on our objectives including those related to internal control and compliance with laws and regulations and may not bring to light all weaknesses in systems and procedures or noncompliance with laws and regulations which may exist. We aim, however, to use our knowledge of your organization gained during our work to make comments and suggestions which we hope will be useful to you.

In connection with the audit, gaining an understanding of the internal control structure, and tests of compliance with laws and regulations referred to above, we noted certain conditions we did not consider reportable within the context of your audit report. These conditions relate to areas of general business practice or control issues that have no significant bearing on the administration of federal and state funds. We do, however, want to present our recommendations to you for your consideration and whatever follow-up action you consider appropriate. During the next audit we will determine if these recommendations have been implemented, and if not, we will reconsider their status as non-reportable conditions.

The following present our informal recommendations.

STUDENT TRAVEL

Informal Recommendation 07-01:

We recommend that Dickinson State University charge only student travel to account 521105 – Travel for Students; and employees charge their travel to the proper employee travel accounts. Also, we recommend that Dickinson State University maintain support for student athletes receiving a per diem by maintaining a list of who received the per diem.

Dickinson State University's Response:

Partially Agree – DSU believes that coaches and or other personnel traveling as part of a student group are an integral cost of student travel and as such are appropriately coded to student travel. Having said that, DSU is willing to code coach's travel to employee travel, although we see little value in doing so.

DSU voucher #33431 was referenced with the recommendation detail with respect to not having a list of athletes receiving the travel funds. DSU does require each student athlete sign for the receipt of cash when such advances are given directly to the student. The voucher referenced above was paid on behalf of the entire team directly to the restaurant vendor; therefore the students were not asked to sign for the distribution of cash.

USE, TRANSFER, AND DISPOSAL OF PUBLIC PROPERTY

Informal Recommendation 07-02:

We recommend that Dickinson State University create and implement policies and procedures regarding the proper disposal, use and transfer of public property; as well as, create and implement policies and procedures requiring written approval and acknowledgement of responsibilities before any equipment can leave the campus.

Dickinson State University's Response:

Agree – DSU will take the appropriate steps to implement the policies referenced above.

I encourage you to call me at 239-7289 if you have any questions about the implementation of recommendations included in your audit report or this letter.

Sincerely,

John Grettum, CPA
Audit Manager